



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

OCTOBER 19, 1998

China Faces Agricultural Challenges. During these times of worldwide oversupply and low prices, it is important to note that other countries, such as China, are facing agricultural problems of their own. As it looks for ways to feed its expanding population and raise its standard of living, China faces the problem of how to reduce grain production costs by increasing the scale of production. At the center of the dilemma, however, is a shortage of arable land and the inaccessibility of water. It was reported in a recent survey that China has only 95.47 million hectares (1 hectare = 2.471 acres) of arable land, slightly less than the official figure of 100 million hectares. In addition, 64 percent of this land is in North China, which claims only 19 percent of the nation's total water resources. Production costs are also much higher than in other countries, as Chinese farm production traditionally remains small scale and very labor intensive. To meet the increasing domestic grain demands for human consumption, animal feed, and industrial use, a high ranking Chinese agriculture official emphasized the need to invest heavily in agricultural infrastructure and related technologies. An earlier report quotes a Beijing-based trade source as saying that China's intended "grain distribution reform is a total failure." An additional Beijing-based source states that China's grain stock holding policy is an expensive, money-losing system. Of the 543.1 billion yuan allocated for grain procurement loans from April 1992 through March 1998, approximately 214 billion (\$25.8 billion) was unaccounted for in the value of grain stocks purchased. Much of the financial loss may be attributed to state grain firms selling grain below cost, overstaffing, and corruption. To a lesser extent, investments in areas such as real estate, commodity futures, and stocks also contribute to the loss. The report also states that, not only do some grain bureaus refuse to buy all that a farmer wishes to sell, but they may also assign the grain unjustifiably low grades, thereby paying the farmer less. (*Bridge News, Reuters, USDA*)

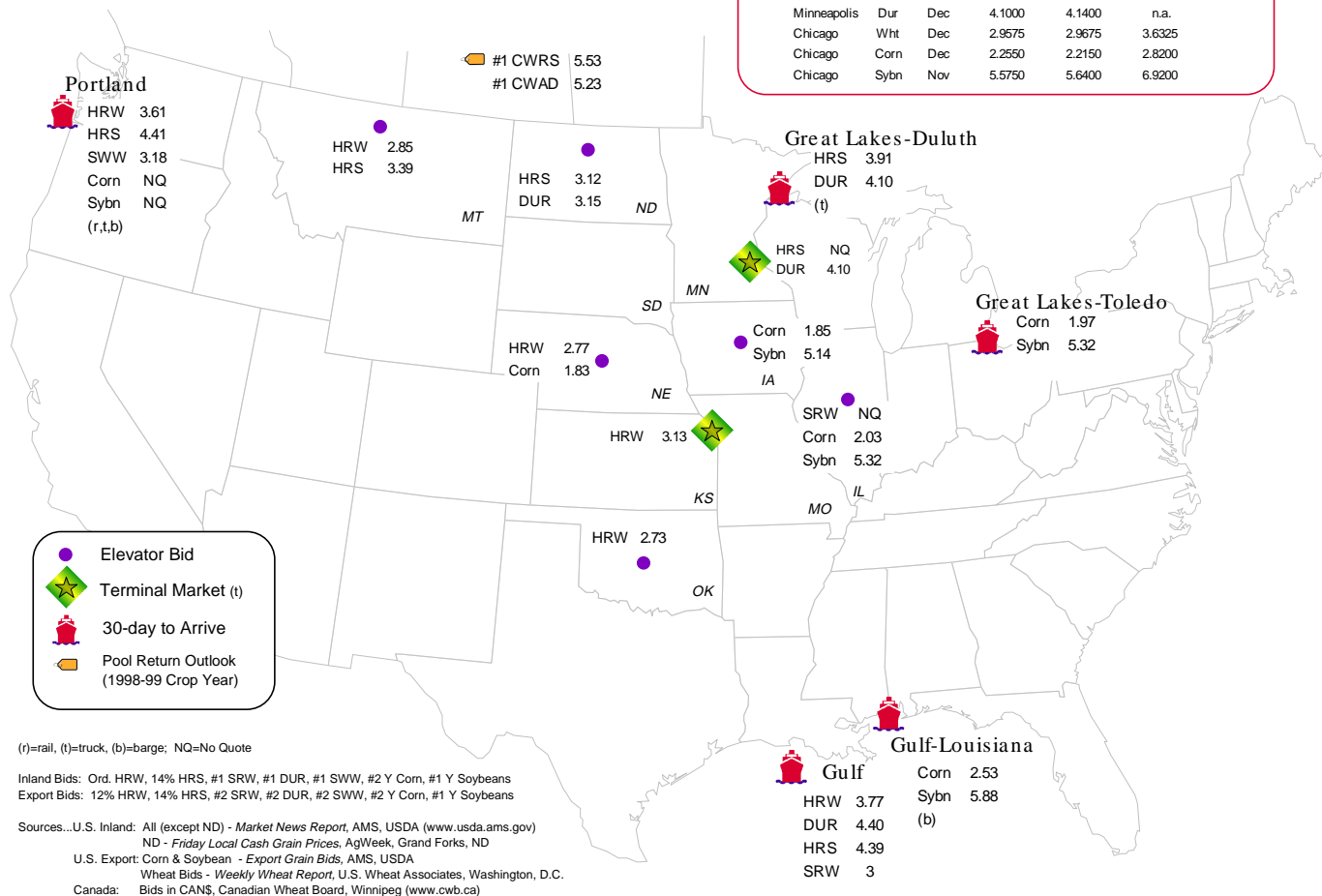
Canadian Trade Minister States Importance Of Fast-Track. In a recent address, the Canadian Minister for International Trade, Sergio Marchi, emphasized the importance of allowing the U.S. President fast-track authority in trade agreement negotiations. Fast-track authority gives the President the ability to negotiate trade agreements, while only offering Congress the opportunity to agree or disagree. This would eliminate the possibility of amendments, which might slow or even stop negotiations. Marchi stated that "...no self-respecting nation will ever negotiate twice. They will do it once." Marchi went on to say that without fast-track, the United States may miss out on the "historic opportunity to build bridges to the newly emerging economies of Latin America." In a separate matter, Chile's agriculture minister stated that Chile will not buy any durum wheat from the U.S. until fast-track is passed. It is estimated that this may amount to 80,000 to 100,000 metric tons of wheat during the 1998-1999 marketing year. (*Bridge News, Reuters*)

Hurricane Causes A 4-Month Water Traffic Detour. Last month, Hurricane Georges scattered fallen trees and piers from Louisiana to Florida. Some of its "leftovers" are forcing the Port of New Orleans' container traffic to take a detour for the next 4 months. For most deep-draft commercial traffic, the Mississippi River-Gulf Outlet (MRGO) is off limits. The Army Corps of Engineers will dredge the mounds of sediment that Georges' tidal surges forced into the channel. Although the MRGO is technically open, only the smallest and lightest vessels are allowed in it. Presently, the Corps is only able to guarantee a 25-foot depth throughout the channel, instead of its normal 36-foot dredged depth. "The main connection between the Mississippi River and the Gulf of Mexico will not be accessible to big oceangoing freighters and barges for at least 4 months. Even then, MRGO will be a one-lane channel able to handle only about half its normal traffic," a Corps official said. At the current pace, water depth will be increased to 30 feet by mid-November, to 33 feet by the end of the year, and to the full 36-foot depth by February 1, 1999. Corps spokesperson John Hall stated that no timetable has been set for the restoration of the second lane of MRGO. Meanwhile, officials at the Port of New Orleans are hoping vessels which would normally use the outlet, usually a shortcut to the Gulf of Mexico from New Orleans, will dock along the Mississippi River and then take the longer route down river to the Gulf of Mexico, instead of diverting cargo to Houston or another Gulf port. They prefer this route because it saves about 2 hours, or 40 miles, off the trip up and down the Mississippi River between New Orleans and the Gulf. (*Traffic World*)

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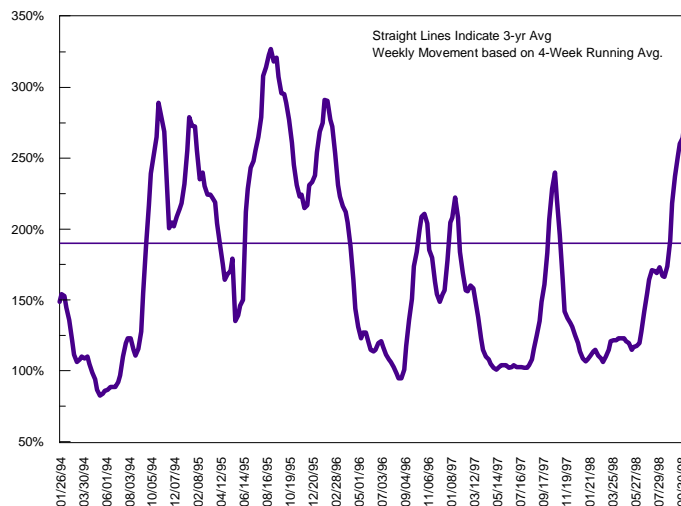
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Grain Bid Summary

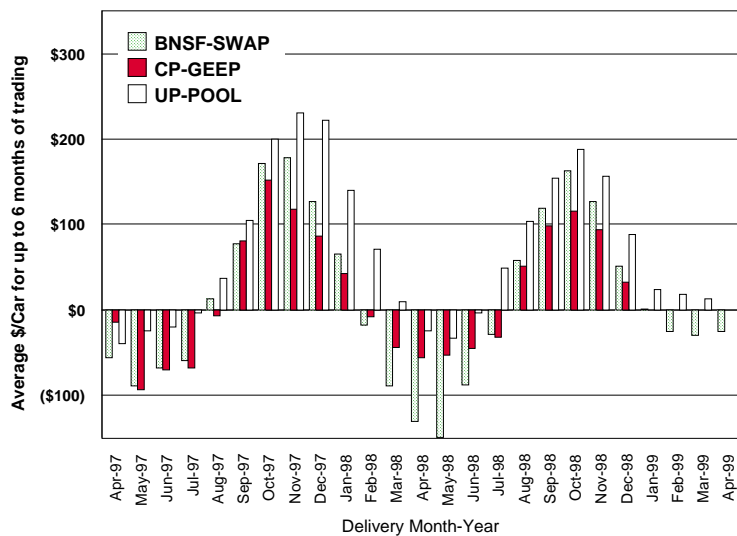


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids

See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Rail Car 'Auction' Offerings				
Delivery for:	Nov-98		Feb-98	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	5,205	100%	5,303	35%
UP-GCAS	5,000	66%	no offer	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Oct-98	Nov-98	Dec-98	Jan-99
BNSF-COT	no offer	\$93	\$23	\$0
CP-GEEP	\$33	\$19	\$6	\$0
UP-Pool	\$0	\$23	\$11	\$16

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Nov-98	Jan-99	Feb-99
COT/N. Grain	no offer	no offer	no offer
COT/S. Grain	no offer	no offer	no offer
GCAS/Region 2	\$1	no bid	no bid
GCAS/Region 4	\$13	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

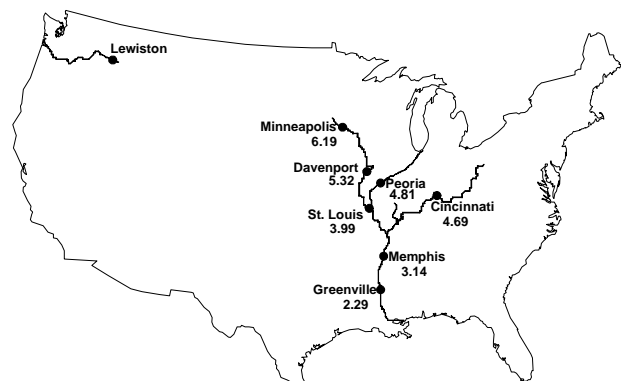
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
10/16/98	Mid Miss	twk	320
	Lower Ohio	nwk	260
	St. Louis	twk	300
	Illinois	Dec/Jan/Feb	120
		twk	320

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

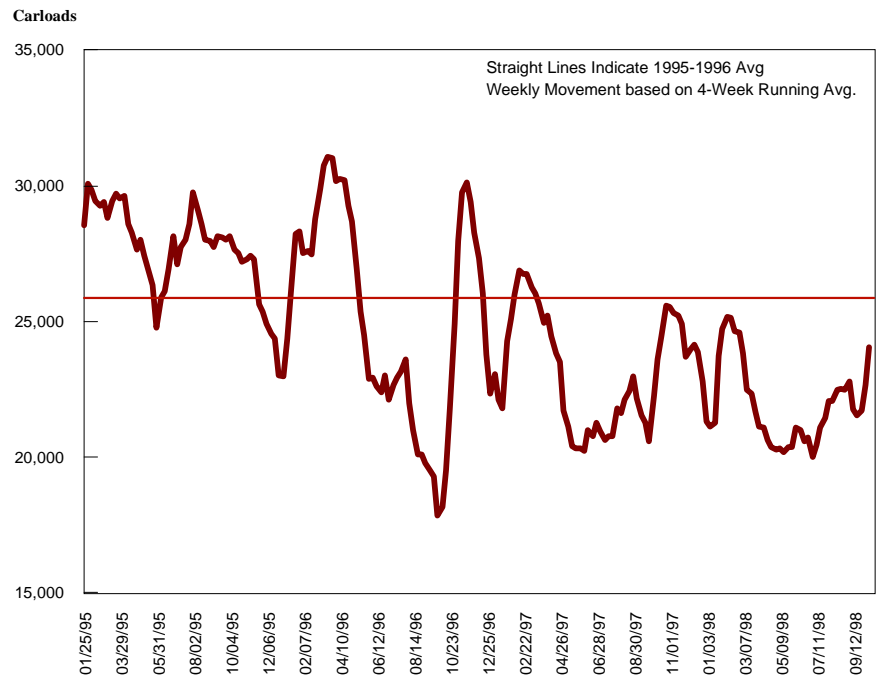
twk=this week
nwk=next week**Southbound Barge Freight Spot Rates**

	10/14/98	10/7/98	Nov. '98	Jan. '98
Twin Cities	338	312	313	nq
Mid-Mississippi	313	283	217	nq
Illinois River	310	274	189	191
St. Louis-Cairo	295	288	171	120
Lower Ohio	291	282	188	141
Cairo-Memphis	281	264	164	116

Source: Transportation & Marketing /AMS/USDA
nq- no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
9/26/98	22,470
10/03/98	26,883
10/10/98	25,128
Year to Date - 1998	887,168
Year to Date - 1997	914,836
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



Class I Rail Carrier Grain Car Bulletin

Carloads

	<u>East</u>				<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
10/10/98	792	3,383	1,897	2,688	8,730	713	6,925	1,948	5,004
This Week Last Year	631	2,237	2,139	2,882	9,421	805	6,274	3,145	5,951
1998 YTD	28,218	91,827	60,588	98,602	324,078	26,274	257,581	87,971	166,010
1997 YTD	19,300	83,106	60,236	90,710	326,246	26,102	303,259	131,993	207,033
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786		

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

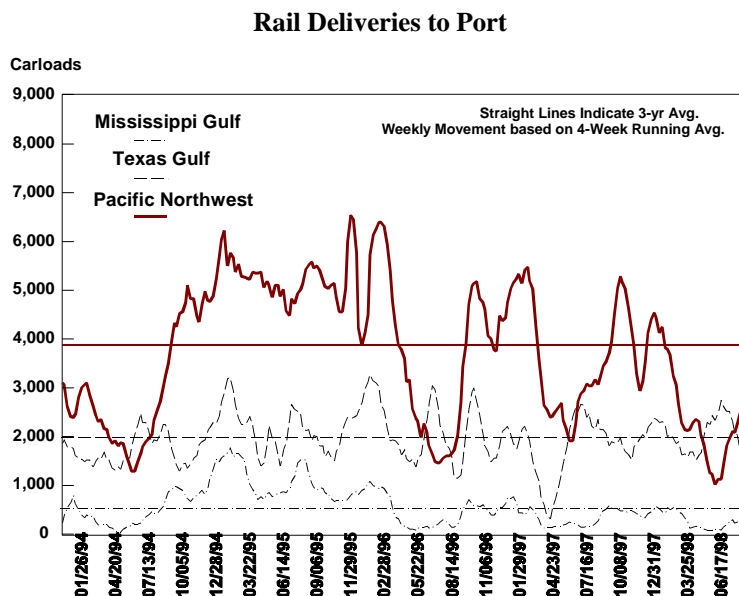
October 1998

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
10/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
10/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
10/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$14.97	\$0.50
10/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$4,012	\$36.41	\$1.20
10/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$35.44	\$1.17
10/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
10/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$24.74	\$0.87
10/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
10/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,230	\$29.31	\$0.97
10/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,930	\$26.59	\$0.88
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

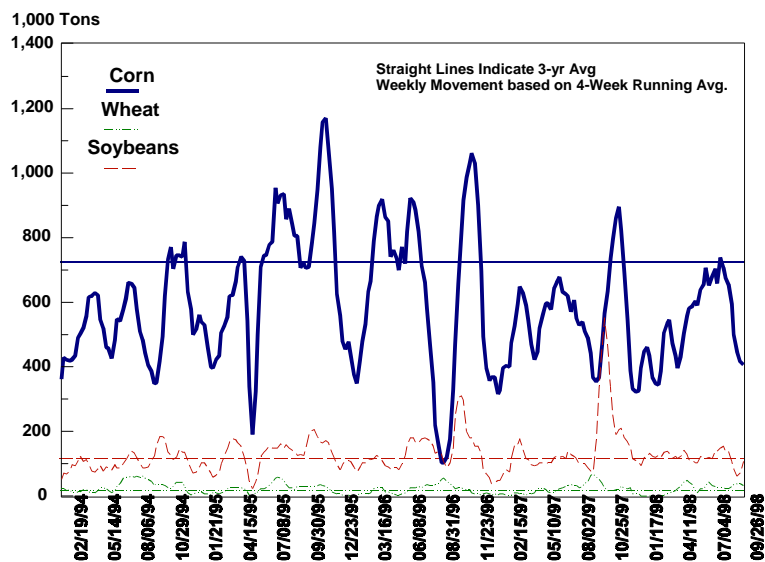
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
9/23/98	221	1,728	3,041	4
9/30/98	355	2,158	2,176	4
10/7/98	527	2,239	2,901	262
YTD 1998	12,336	82,981	104,709	7,036
YTD 1997	14,193	71,185	143,910	4,710
Total 1997	20,152	93,265	195,953	9,147
Total 1996	25,899	113,804	199,709	11,304
Source: Transportation & Marketing/AMS/USDA				



Barge Movements - Locks 27



Barge Grain Movements

for week ending 10/10/98

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	323	11	86	420
Winfield, MO (L25)	404	21	135	561
Alton, IL (L26)	478	24	197	699
Granite City, IL (L27)	506	34	205	745
Illinois River (L8)	76	2	42	120
Ohio (L52)	45	17	66	212
Arkansas (L1)	0	3	1	4
1998 YTD	22,188	2,129	5,915	32,567
1997 YTD	21,828	2,257	5,685	32,302
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
10/08/98	1,783	354	1,126	1,541	225	5,028	7,654	7,697	20,379
This Week Year Ago	1,778	571	1,048	796	393	4,587	7,279	10,722	22,588
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	4,415	790	2,478	1,833	322	9,838	3,883	1,057	14,778
97/98 YTD	4,030	2,735	2,496	2,009	478	11,749	4,468	1,435	17,652
96/97 Total	2,595	1,643	1,432	1,240	361	7,271	43,991	24,273	75,535
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
10/15/98	251	17	86	64	670	419	229	0	46
1998 YTD **	7,745	3,522	525	4,187	23,237	9,680	5,797	323	671
1997 YTD **	9,026	8,130	1,151	5,207	23,190	11,905	4,086	989	485
% of Last Year	86%	43%	46%	80%	100%	81%	142%	33%	138%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

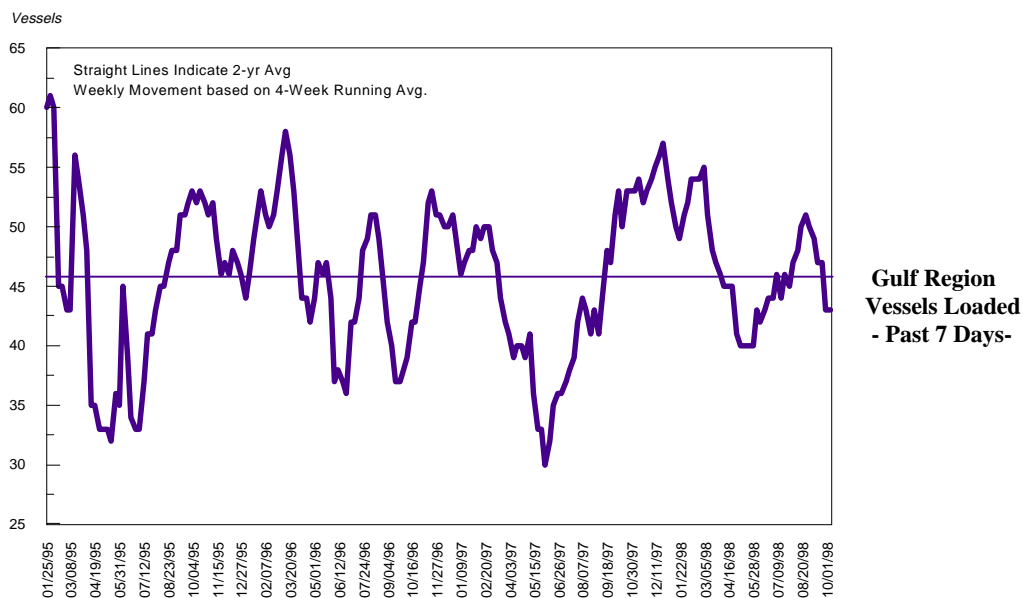
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

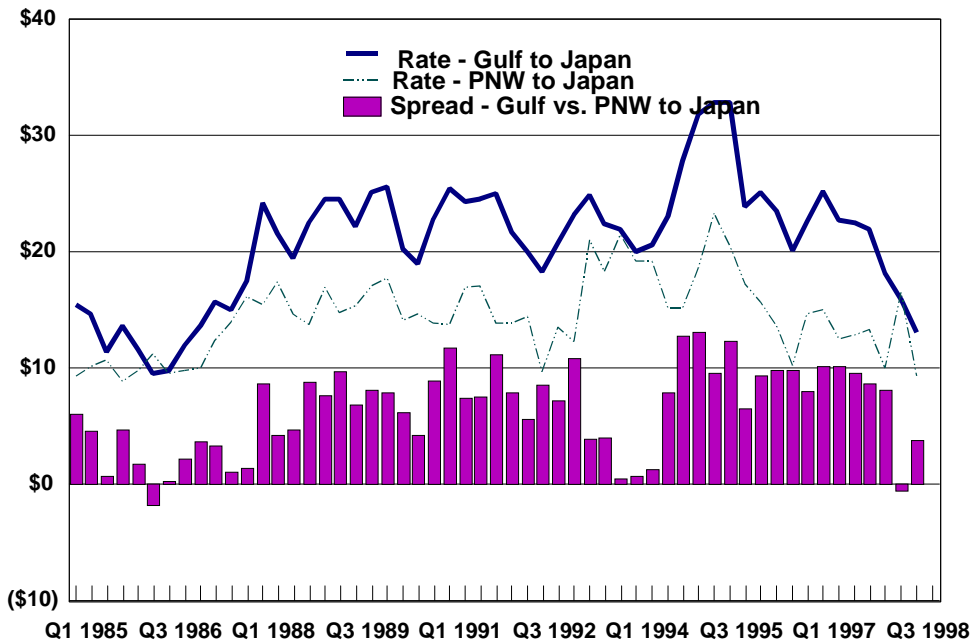
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 10/15/98			
Vancouver	1,063	109	15
Prince Rupert	53	0	0
Prairie Direct	82	51	43
Thunder Bay	219	53	16
St. Lawrence	287	261	0
1998 YTD Exports	1,946	474	73
1997 YTD Exports	4,105	727	477
% of Last Year	47%	65%	15%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
10/08/98	54	46	71	7			7	12	7
10/15/98	46	54	77	17			7	10	10
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
1995 Avg	31	46	61						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton

Quarterly Ocean
Freight Rates**Quarterly Ocean Freight Rates**

Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

	1998 3 rd Qtr	1997 3 rd Qtr	% Change		1998 3 rd Qtr	1997 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$13.17	\$22.55	-42%	Japan	\$9.35	\$12.92	-28%
Mexico	\$16.33	\$14.47	13%	Red Sea/ Arabian Sea		\$19.23	
Venezuela	\$10.30	\$13.78	-25%				
N. Europe	\$8.85	\$13.23	-33%	Argentina to			
N. Africa	\$13.87	\$15.44	-10%	N. Europe	\$12.15	\$14.83	-18%
				Japan	\$16.21	\$25.56	-37%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Duluth	Antwerp/Hamburg	Heavy Grains	October	18,000	\$24.25
Toledo	Rotterdam	Heavy Grains	October	18,000	\$22.00
St. Lawrence	Spain	Wheat	Sept./Oct.	21,000	\$15.50
Gulf	Jordan	Wheat/Grains	Oct./Nov.	50,000	\$14.00-14.25
Gulf	Taiwan	Heavy Grains	Oct./Nov.	54,000	\$13.75
Gulf	Japan	Heavy Grains	Oct./Nov.	54,000	\$14.00-14.75
Gulf	China	Heavy Grains	October	42,000	\$14.75
Paranagua (Brazil)	Finland	Heavy Grains	Prompt	15,000/19,500	\$22.00
Teesport (U.K.)	China	Barley	October	45,000	\$15.00
Dunkirk (France)	China	Heavy Grains	October	50,000	\$13.85

Source: Maritime Research Inc.